

STATE OF CALIFORNIA
CONSUMER POWER AND CONSERVATION
FINANCING AUTHORITY



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Contact: Amber Pasricha
(916) 445-4571

DEBUT OF STATE POWER AUTHORITY BEGINS NEW ENERGY CHAPTER FOR CALIFORNIA

Conservation, Power Reserve Capacity Dominate Agenda

Sacramento, CA -- Looking to keep power prices down, conservation and efficiency efforts strong, and adding renewable energy to diversify the state's power sources, the California Consumer Power and Conservation Financing Authority held its first meeting today, focusing on its goal that "never again" will California be faced with the energy shortages it faced this past year.

"The Power Authority's mission is straightforward: to provide the reserve power necessary to ensure that the market provides low-cost, available power sufficient to guarantee that Californians never again have to worry about rolling blackouts," said Power Authority Chairman S. David Freeman. "The Power Authority is not here to supplant the market. Rather, by providing the reserve power necessary, the Power Authority will serve to supplement and compliment the investments made by private companies."

Created by Senate Bill 6 (Burton), the Power Authority is charged with ensuring reasonably priced, long-term availability of reliable supply of electricity and natural gas, promoting environmentally friendly supply and demand solutions, and achieving adequate capacity reserves by 2006. With its ability to issue up to \$5 billion in revenue bond indebtedness, the Authority's five-person Board will look at a variety of options to meet its charge.

"The public power authority holds great promise for our energy future," said California State Treasurer Philip Angelides, also a Power Authority Board member. "It must play a leading role in the development of renewable energy sources, finance energy-saving conservation efforts, and build energy generation facilities that will produce a strategic reserve to protect Californians against private market price gouging."

As part of its first meeting, the Board scheduled presentations on options for meeting the state's long-term energy goals and an assessment of California's projected energy supply and demand through 2002, paying close attention to alternative energy sources of power.

"This Board will work hard to meet the Governor's challenge to meet 17 percent of its energy supply with renewable energy," said Board member Donald Vial. "California had a record year of conserving energy and becoming more energy efficient. In addition to making that effort permanent, we want to make sure that the energy sources we tap such as wind, solar biomass and geothermal, become greater tools in our energy arsenal."

Added Board member John Stevens: "The Board is keenly aware of the important role it must play to protect consumers against price spikes and supply shortages. We have to achieve a balance, providing this protection without discouraging private investment in California's energy future."

"I am very honored to have been appointed by Governor Davis to serve the public in this new capacity. It is a sobering challenge to ensure that California has adequate power capacity in the future, but I am confident that the new authority will be able to carry out its mandate," concluded Sunne McPeak.

The Authority is made up of a five-member Board, four members appointed by the Governor and the State Treasurer, serving a staggered 4-year term. The Governor's appointments include:

S. David Freeman, who has served as Senior Energy Advisor to Governor Davis since January 2001 is the Chairman of the Authority. Prior to his appointment, Mr. Freeman served as General Manager for the Los Angeles Department of Water and Power, to which he was nominated by then-Los Angeles Mayor Richard Riordan. Mr. Freeman's career in electric and water utility industries spans five decades. As chair, he will receive a salary of \$220,008 and will serve a three-year term.

Sunne W. McPeak, of San Francisco, President and CEO of Bay Area Council, an organization promoting economic prosperity and quality of life in the Bay Area. In August 2000, Governor Davis appointed her to the Advisory Drought Planning Panel. Ms. McPeak will serve a two-year term.

John R. Stevens, of Carmichael, a top aide to Assemblymember Herb Wesson. He is the former Staff Director for the Office of Governor Davis. During the last six months of 2000, Mr. Stevens advised the Governor on energy, specifically streamlining the licensing of new generating facilities and promoting conservation. He will serve a four-year term.

Donald Vial, of San Rafael, the Chairman of the California Foundation on the Environment and the Economy. He began his career as a Research Director/Economist for the California Labor Federation, AFL-CIO. Mr. Vial will serve a one-year term.

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